



## METROPOLITAN AREA PLANNING COUNCIL

[SIGN UP](#)

 Sign up for our  
email newsletter


### Unbundled Parking

#### Paying for Parking Separately from Housing or Office Space

The cost of parking for residential and commercial units is often passed on to the occupants indirectly through the rent or purchase price ("bundled") rather than directly through a separate charge. For example, a three bedroom unit might come with two parking spaces included in the purchase price or rent. This means that tenants or owners are not able to purchase only as much parking as they need, and are not given the opportunity to save money by using fewer parking spaces. The alternative is to unbundle parking - rent or sell parking spaces separately, rather than automatically including them with building space. This is not only more equitable, but can also reduce the total amount of parking required for the building.

Unbundling can be done in several ways [3]:

- Parking can be bought or rented separately when the apartment, condo, or office space is bought or leased.
- Renters can be offered a discount on their rent for not using parking spaces.
- Parking costs can be listed as a separate line item in lease agreements to show tenants the cost and enable them to negotiate reductions.
- Unbundling can be encouraged informally by creating a market for available parking spaces - building managers can keep a list of tenants or owners with excess spaces available for rent.

In condominium developments, one alternative to deeding parking spaces to buyers automatically is to have the condominium association own the parking and the owners lease their spaces, with the rent from the parking spaces replacing some or all of the condo association fees [1]. This would allow owners to more easily adapt their supply of parking spaces to their needs. If residents or commercial tenants can buy or rent parking separately from housing, they will not need to make sure their housing or office comes with parking because they will be able to obtain a space if they later need it.

If parking is unbundled from housing costs, residents can also be given options about having an assigned space or an unassigned space, with assigned spaces costing more because they cannot be shared by other residents. Compact car spaces can be offered as another option, priced cheaper because of the reduced space required (this may seem an odd pricing strategy, but it is essentially the same as charging less for a smaller apartment than a larger one) [1].

At a minimum, developers should deed just one space per unit and allow owners to buy others or purchase a pass for a lot or garage without reserved spaces. Offering discounts for parking not needed rather than appearing to charge extra for parking may also be a more palatable step.

Communities should encourage developers to unbundle the price of parking through flexible parking requirements that allow reductions for developments with unbundled parking, because when people can save money by having fewer cars, they may make different choices about investing in vehicles. High minimum parking requirements also discourage property owners from unbundling parking because the development is required to provide enough parking to satisfy the demand when parking is free. The inflated supply of parking spaces means that the landlord would not be able to charge enough for a parking space to recover the cost if it was to be paid for separately. By bundling the parking cost with the housing cost, the parking automatically gets paid for, even if it is not needed or wanted. Correcting this requires that minimum parking requirements are relaxed or removed for unbundled parking to allow developers to provide only the spaces that residents will pay for if given the option. [1]

If developments do charge separately for parking, there may be an incentive for tenants or owners to find other places to park their cars to escape the parking charge, potentially causing spillover effects. If on-street parking or nearby off-street lots for other uses are free and unregulated, they may soon be overrun. Some communities address this concern by prohibiting street parking overnight. Another approach is implement residential permit parking but prohibit residents of developments that supply off-street parking from obtaining permits. The most flexible approach is charge for on-street parking at a market rate and establish parking benefit districts to invest the revenue in neighborhood improvements. If both on-street and off-street parking costs reflect market rates, then there should not be a shortage of on-street parking. In addition, if there are nearby lots for other uses with more parking supply than they

need, the community can allow them to rent or lease those spaces to the residents during evening hours or at any hours where they are not needed for the original use in a shared parking arrangement.

Unbundled parking can also complement car sharing programs, because residents are able to save more by not owning a car, and if access to car sharing is provided on-site, they find themselves more willing to forgo having a car altogether, or get by with one car rather than two.

### Local examples:

\* The Massachusetts Transit-Oriented Development (TOD) Bond Program in 2006 awarded \$2 million for a mixed-use affordable housing development called Dudley Village on Dudley, East Cottage and Leyland Streets in Dorchester. The development will have unbundled parking and just 0.7 parking spaces per unit. [6]

### National examples:

- The city of San Francisco is considering a proposal to limit parking in some downtown neighborhoods to 0.75 spaces per unit in an effort to force developers to unbundle parking from housing costs. Developers would not be able to simply provide a space included with each unit; in order to build more parking, they would have to obtain a conditional use permit, the conditions of which would stipulate that parking costs must be unbundled from housing costs. [5]
- A condo project called "moda" in downtown Seattle includes 83 of 251 units that are lower priced and come without parking. The project sold out within a week. [7]
- A new condominium development in St. Louis a block from the MetroLink public transit system that offered parking spaces for purchase separate from the units experienced rapid sales and found that 20-25% of buyers opted out of purchasing a parking space. The proximity to transit was instrumental in convincing the lender that the project could succeed without at least one parking space per unit. [8]

### Additional resources:

1. Donald Shoup, *The High Cost of Free Parking* (2005), Planners Press, American Planning Association; Chapter 20. Available for purchase from <http://www.planning.org/APAStore/Search/Default.aspx?p=1814> .
2. Maryland Governor's Office of Smart Growth, *Driving Urban Environments: Smart Growth Parking Best Practices*, March 2006; p. 18. Available as a free download from [www.smartgrowth.state.md.us/pdf/Final%20Parking%20Paper.pdf](http://www.smartgrowth.state.md.us/pdf/Final%20Parking%20Paper.pdf) or by clicking here.
3. Todd Litman, *Parking Management: Strategies, Evaluation, and Planning*, Victoria Transport Policy Institute, April 2006; p. 20. Available as a free download from [http://www.vtpi.org/park\\_man.pdf](http://www.vtpi.org/park_man.pdf) or by clicking here.
4. Luke H. Klipp, "The Real Costs of San Francisco's Off-Street Residential Parking Requirements: An analysis of parking's impact on housing finance ability and affordability," *Transportation for a Livable City*, May 2004. Available as a free download from [www.livablecity.org/resources/Parking\\_Housing\\_Affordability\\_Final.pdf](http://www.livablecity.org/resources/Parking_Housing_Affordability_Final.pdf) or by clicking here.
5. Adam Millard-Ball, "Putting on their parking caps", *Planning*, April 2002, v68 i4 p16(6).
6. Massachusetts Office of Commonwealth Development, "TOD Bond Program Awards, 2006", <http://www.mass.gov/?pageID=ocdmodulechunk&L=1&L0=Home&sid=Eocd&b=termin...> .
7. "Direct Reports: No Parking", *Multifamily Executive Magazine*, February 1, 2007; <http://www.multifamilyexecutive.com/industry-news.asp?sectionID=539&arti...> .
8. Steve Patterson, "Downtown Still Going Strong; Neighborhoods and Inner Suburbs Need Leadership", *Urban Review STL*, November 20, 2006; <http://www.urbanreviewstl.com/?p=2849> . View PDF of the story by clicking here.